

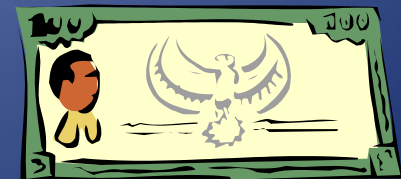
Bonding Obligation Assessment



Public Acts
267 and 268,
Dec 19, 2011

Bonding/Obligation Assessment

- In 2011, the State of Michigan issued bonds to repay federal loans for unemployment benefits and restore solvency to the Unemployment Trust Fund. These bonds will be repaid through an Obligation Assessment (OA) issued to employers.



Facts about the OA

- The OA is assessed on all contributing employers until the bonds are repaid.
- The bonds are scheduled to take ten years to repay.
- The OA portion of the rate will be determined yearly and included on the annual Tax Rate Determination (UIA1771).
- The OA cannot be protested.

OAR (OA Ratio)

$$\frac{\text{Principal, interest, and administrative expenses due on 2012 bonds}}{\text{Anticipated regular UI revenue from contributing employers due in 2013}} = \text{OA Ratio}$$

OA ratio for 2013 = .145015

Formula for OA

$(2013 \text{ tax rate} \times \text{OA ratio}) + (\text{base assessment} / \text{taxable wage base})$

OA Ratio (2013) = 0.145015

2013 Base Assessment = \$63.00 per employee

Taxable Wage Base = \$9,500.00

$(10.3\% \times 0.145015) + (\$63.00 \div \$9,500.00)$

$(0.1030 \times 0.1450015) + .006631$

$.014935 + .006631 = 0.021566 = 2.16\%$

(rounded to next higher tenth)

This amount is added to the computed tax rate.

Obligation Assessment

Required Reserve

12 months of Total Payroll (ending 6/30/2012)

Multiplied by Cost Criterion

Equals Required Reserve (6/30/2012)

$$\begin{array}{r} 7,381,226.41 \\ \times 0.0375 \\ \hline 276,795.99 \end{array}$$

ABC Calculation

(Required Reserve - Actual Reserve) X ABC multiplier 0.50

12 months Total Payroll (ending 6/30/2012)

$$\left[\frac{276,795.99 - (-1,348,656.99)}{7,381,226.41} \right] \times 0.50 \quad \text{(Maximum 3\%)} \quad \boxed{3.00\%}$$

Taxable Wage base for the year is: 9,500.00

Your taxable payroll for 12 months ending 6/30/2012 was: 1,351,231.99

Your Computed Rate 10.30%

Non-Reporting Penalty 0.00%

 Obligation Assessment 2.16%

SUTA Penalty Rate 0.00%

Solvency Rate 0.00%

APPEAL STATEMENT: Any protest or appeals from this determination must be filed either through MiWAM, in person, by mail, or by fax (313) 456-2130 and must be received within 30 calendar days of the "Date Mailed" shown above, or if such 30th day is a Saturday, Sunday or legal holiday, by the end of the next business day.

For details on how this rate was calculated, see the Years of Liability Table on reverse side. Your years of liability is: 21

Your Total Rate Plus Penalty (if applicable) 12.46%

Tax Rates w/Obligation Assessment

Rate Year 2013

- Year 1 - 2.7% + 1/3 CBC + OA
- Year 2 - 2.7% + 2/3 CBC + OA
- Year 3 - CBC + ABC + NBC + OA

(36 months = fully experienced)



OA On-Line Calculator

The OA on-line calculator can be found on the
UIA website at:

<http://www.michigan.gov/uia>

Under “New Legislative Update/Employer Tool”